

HOUSE BILL 1088

C5

2lr1281

By: **Delegates Kramer, Arora, Barkley, Carr, Frick, Kipke, Luedtke,
B. Robinson, Rudolph, Summers, and Valderrama**

Introduced and read first time: February 10, 2012

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Electricity and Gas – Energy Efficiency On–Bill Financing Program**

3 FOR the purpose of establishing the Energy Efficiency On–Bill Financing Program;
4 specifying the purpose of the Program; requiring a utility company to
5 participate in the Program; requiring the Maryland Energy Administration and
6 the Public Service Commission to collaborate for a certain purpose; limiting the
7 cost of an energy efficiency upgrade to a certain amount; requiring the
8 Commission to establish standards for a qualifying energy efficiency upgrade;
9 requiring the Administration to establish standards for an energy audit on
10 which to base the terms of a certain loan; specifying the amount for a charge to
11 repay a loan on a utility bill; requiring a loan to remain attached to a piece of
12 property or otherwise to meet certain criteria; entitling a certain customer to an
13 interest–free loan; authorizing a utility company to receive certain State funds
14 under certain circumstances for a certain purpose; requiring the Commission to
15 oversee the management of State funds by a utility company; requiring a utility
16 company to establish a separate fund to manage certain State funds; entitling a
17 certain customer to a low–interest loan; authorizing the Administration and the
18 Commission to determine whether a utility company may obtain a renewable
19 energy credit in exchange for extending an interest–free loan; requiring the
20 Administration and the Commission to consider certain criteria when
21 determining whether to authorize a utility company to obtain a renewable
22 energy credit in exchange for an interest–free loan; specifying that a utility
23 company that receives a renewable energy credit in exchange for an
24 interest–free loan may not also receive State funds for the same transaction;
25 requiring the Administration and the Commission to adopt certain regulations;
26 defining certain terms; and generally relating to energy efficiency.

27 BY adding to
28 Article – Public Utilities
29 Section 7–309

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2010 Replacement Volume and 2011 Supplement)

3 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
4 MARYLAND, That the Laws of Maryland read as follows:

5 **Article – Public Utilities**

6 **7–309.**

7 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
8 MEANINGS INDICATED.

9 (2) “ADMINISTRATION” MEANS THE MARYLAND ENERGY
10 ADMINISTRATION.

11 (3) “CHARGE” MEANS THE REPAYMENT AMOUNT THAT APPEARS
12 ON A MONTHLY UTILITY BILL FOR A LOAN EXTENDED UNDER THE PROGRAM.

13 (4) “COMMISSION” MEANS THE PUBLIC SERVICE COMMISSION.

14 (5) “ENERGY EFFICIENCY UPGRADE” MEANS AN APPLIANCE OR
15 AN IMPROVEMENT TO REAL PROPERTY THAT QUALIFIES UNDER SUBSECTION
16 (D)(1)(II) OF THIS SECTION.

17 (6) “PROGRAM” MEANS THE ENERGY EFFICIENCY ON–BILL
18 FINANCING PROGRAM.

19 (7) “UTILITY COMPANY” MEANS AN ELECTRIC COMPANY OR A GAS
20 COMPANY.

21 (B) THERE IS AN ENERGY EFFICIENCY ON–BILL FINANCING
22 PROGRAM.

23 (C) (1) THE PURPOSE OF THE PROGRAM IS TO ENCOURAGE UTILITY
24 CUSTOMERS TO MAKE ENERGY EFFICIENCY IMPROVEMENTS TO RESIDENTIAL
25 AND COMMERCIAL PROPERTIES THROUGH LOW– OR NO–INTEREST LOANS
26 REPAYED DIRECTLY TO A UTILITY COMPANY ON A UTILITY BILL.

27 (2) A UTILITY COMPANY SHALL PARTICIPATE IN THE PROGRAM
28 BY EXTENDING A LOAN TO A QUALIFYING RESIDENTIAL OR COMMERCIAL
29 CUSTOMER FOR AN ENERGY EFFICIENCY UPGRADE.

1 **(3) THE ADMINISTRATION AND THE COMMISSION SHALL**
2 **COLLABORATE TO ENSURE THAT IMPLEMENTATION METHODS BEST SERVE THE**
3 **PROGRAM'S UNDERLYING PURPOSE.**

4 **(D) (1) A RESIDENTIAL OR COMMERCIAL CUSTOMER MAY OBTAIN A**
5 **LOAN FOR AN ENERGY EFFICIENCY UPGRADE IF:**

6 **(I) THE COST OF THE ENERGY EFFICIENCY UPGRADE DOES**
7 **NOT EXCEED \$25,000 FOR A RESIDENTIAL CUSTOMER UPGRADE OR \$50,000**
8 **FOR A COMMERCIAL CUSTOMER UPGRADE;**

9 **(II) THE COMMISSION DETERMINES THAT THE TYPE OF**
10 **UPGRADE FURTHERS THE PURPOSE OF THE PROGRAM; AND**

11 **(III) THE CUSTOMER MEETS ELIGIBILITY REQUIREMENTS**
12 **SPECIFIED BY THE COMMISSION, INCLUDING THE ABILITY TO PAY, AS**
13 **DETERMINED BY A CUSTOMER'S PAYMENT HISTORY ON A UTILITY BILL AND NOT**
14 **A CREDIT CHECK.**

15 **(2) THE TERM OF THE LOAN SHALL BE BASED ON AN ENERGY**
16 **AUDIT CONDUCTED ACCORDING TO STANDARDS DETERMINED BY THE**
17 **ADMINISTRATION.**

18 **(3) THE MONTHLY CHARGE ON THE UTILITY BILL SHALL REFLECT**
19 **THE ENERGY SAVINGS OF THE ENERGY EFFICIENCY UPGRADE IN EQUAL**
20 **INSTALLMENTS.**

21 **(4) A LOAN REMAINS WITH THE PROPERTY AND MUST BE:**

22 **(I) PAID IN FULL AT THE TIME OF A PROPERTY TRANSFER;**
23 **OR**

24 **(II) ASSUMED BY THE NEW PROPERTY OWNER.**

25 **(5) A LOAN FOR AN ENERGY EFFICIENCY UPGRADE ON RENTED**
26 **PROPERTY SHALL BE APPROVED BY THE LANDLORD OR THE LANDLORD'S**
27 **AGENT.**

28 **(E) (1) A RESIDENTIAL CUSTOMER WHO QUALIFIES UNDER**
29 **SUBSECTION (D) OF THIS SECTION AND MEETS INCOME ELIGIBILITY STANDARDS**
30 **ESTABLISHED BY THE COMMISSION MAY QUALIFY FOR AN INTEREST-FREE**
31 **LOAN OR A LOW-INTEREST LOAN FOR AN ENERGY EFFICIENCY UPGRADE.**

1 **(2) (I) THE COMMISSION SHALL SET FORTH THE TERMS FOR A**
2 **UTILITY COMPANY TO RECEIVE AND MANAGE ANY LOAN FUNDING SOURCES**
3 **PROVIDED BY THE STATE TO SUBSIDIZE INTEREST-FREE LOANS AVAILABLE TO**
4 **QUALIFYING LOW-INCOME CUSTOMERS.**

5 **(II) POTENTIAL FUNDING SOURCES INCLUDE THE**
6 **EMPOWER MARYLAND SURCHARGE AND THE JANE E. LAWTON CONSERVATION**
7 **LOAN PROGRAM.**

8 **(III) THE COMMISSION SHALL REQUIRE A UTILITY COMPANY**
9 **TO ESTABLISH A SPECIFIC FUND TO ACCOUNT FOR FUNDS USED TO EXTEND**
10 **INTEREST-FREE LOANS UNDER THE PROGRAM.**

11 **(F) (1) A RESIDENTIAL CUSTOMER WHO QUALIFIES UNDER**
12 **SUBSECTION (D) OF THIS SECTION BUT DOES NOT MEET THE INCOME**
13 **ELIGIBILITY STANDARDS ESTABLISHED BY THE COMMISSION MAY QUALIFY FOR**
14 **A LOW-INTEREST LOAN OR AN INTEREST-FREE LOAN FOR AN ENERGY**
15 **EFFICIENCY UPGRADE.**

16 **(2) THE COMMISSION SHALL DETERMINE THE INTEREST RATE**
17 **THAT A UTILITY COMPANY MAY CHARGE A RESIDENTIAL CUSTOMER FOR A LOAN**
18 **EXTENDED UNDER THE PROGRAM THAT IS NOT SUBSIDIZED BY STATE FUNDS.**

19 **(G) (1) A COMMERCIAL CUSTOMER WHO QUALIFIES UNDER**
20 **SUBSECTION (D) OF THIS SECTION MAY QUALIFY FOR A LOW-INTEREST LOAN OR**
21 **AN INTEREST-FREE LOAN FOR AN ENERGY EFFICIENCY UPGRADE.**

22 **(2) THE COMMISSION SHALL DETERMINE THE INTEREST RATE**
23 **THAT A UTILITY COMPANY MAY CHARGE A COMMERCIAL CUSTOMER FOR A LOAN**
24 **EXTENDED UNDER THE PROGRAM THAT IS NOT SUBSIDIZED BY STATE FUNDS.**

25 **(H) (1) THE COMMISSION AND THE ADMINISTRATION MAY**
26 **AUTHORIZE A UTILITY COMPANY TO RECEIVE A RENEWABLE ENERGY CREDIT**
27 **UNDER SUBTITLE 7 OF THIS TITLE IN EXCHANGE FOR EXTENDING AN**
28 **INTEREST-FREE LOAN TO A CUSTOMER.**

29 **(2) A UTILITY COMPANY THAT MAY EXTEND AN INTEREST-FREE**
30 **LOAN IN EXCHANGE FOR A RENEWABLE ENERGY CREDIT UNDER THIS**
31 **SUBSECTION SHALL DO SO WITHOUT ACCESS TO LOAN FUNDING SOURCES**
32 **PROVIDED BY THE STATE.**

33 **(3) THE COMMISSION AND THE ADMINISTRATION SHALL**
34 **CONSIDER THE TYPES OF ENERGY EFFICIENCY UPGRADE AND OTHER FACTORS**

1 TO DETERMINE WHETHER A UTILITY COMPANY MAY RECEIVE A RENEWABLE
2 ENERGY CREDIT IN EXCHANGE FOR AN INTEREST-FREE LOAN UNDER THIS
3 SUBSECTION.

4 (4) THE ADMINISTRATION AND THE COMMISSION SHALL ADOPT
5 REGULATIONS THAT SPECIFY THE APPROPRIATE NUMBER OF RENEWABLE
6 ENERGY CREDITS THAT A UTILITY COMPANY MAY OBTAIN IN EXCHANGE FOR
7 EXTENDING AN INTEREST-FREE LOAN UNDER THIS SUBSECTION.

8 (I) THE ADMINISTRATION SHALL ADOPT REGULATIONS THAT SPECIFY
9 STANDARDS FOR CONDUCTING AN ENERGY AUDIT.

10 (J) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT
11 THE PROGRAM, INCLUDING REGULATIONS THAT SPECIFY:

12 (1) ELIGIBILITY REQUIREMENTS FOR AN ENERGY EFFICIENCY
13 UPGRADE;

14 (2) ELIGIBILITY REQUIREMENTS FOR A CUSTOMER;

15 (3) INCOME-BASED REQUIREMENTS TO QUALIFY A CUSTOMER
16 FOR AN INTEREST-FREE LOAN;

17 (4) FUNDING SOURCES THAT A UTILITY COMPANY MAY USE TO
18 EXTEND AN INTEREST-FREE LOAN; AND

19 (5) THE INTEREST RATE THAT A UTILITY COMPANY MAY CHARGE
20 FOR A LOW-INTEREST LOAN.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 October 1, 2012.